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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34767]

Transtar, Inc.—Continuance in Control Exemption—Delray Connecting Railroad Company

Transtar, Inc. (Transtar), a noncarrier, has filed a verified notice of exemption to continue in control of Delray Connecting Railroad Company (Delray), a Class III rail carrier, upon Transtar's acquiring all of Delray's issued and outstanding stock from Transtar's parent, United States Steel Corporation (USS).

The exemption became effective on October 18, 2005 (7 days after the date of filing.)¹

USS, a noncarrier, owns all of the issued and outstanding stock of Transtar, which is a noncarrier holding company. Transtar in turn owns all of the issued and outstanding stock of five common carrier railroads: Elgin, Joliet and Eastern Railway Company (Class II); Birmingham Southern Railroad Company (Class III); The Lake Terminal Railroad Company (Class III); McKeesport Connecting Railroad Company (Class III); and Union Railroad Company (Class III) (collectively, the Transtar Railroads). The common control of the Transtar Railroads by USS (formerly USX Corporation) through

¹ Transtar explains that this transaction was consummated on May 31, 2005, under the mistaken belief that it was an inter-corporate transaction involving parties for which exemption authority had previously been secured, and that additional approval or exemption was not required.

Transtar was the subject of exemption proceedings before the agency in USX Corporation—Control Exemption—Transtar, Inc., STB Finance Docket No. 33942 (STB served Nov. 30, 2000) and Transtar Holdings, L.P.—Corporate Family Exemption—Transtar, Inc., Finance Docket No. 32411 (ICC served Dec. 29, 1993). USS acquired through stock acquisition, and assumed control of, Delray pursuant to a notice of exemption in United States Steel Corporation—Acquisition of Control Exemption—Delray Connecting Railroad Company, STB Finance Docket No. 34311 (STB served Feb. 19, 2003). Transtar now seeks to acquire all of the stock of Delray from USS to consolidate all of the USS railroad subsidiaries under the mantle of Transtar. Delray is a switching and terminal railroad that operates 15.46 miles of track, all of which are located in the downriver district of Detroit, MI.

Transtar states that: (i) the Transtar Railroads and Delray do not connect with each other or any railroads in their corporate family; (ii) the continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any other railroad in their corporate family; and (iii) the transaction does not involve a Class I railroad. Transtar also states that the transaction will not result in: (i) any adverse changes in service levels to the public; (ii) significant operational changes; or (iii) changes in the competitive balance with carriers outside the corporate family. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2) and (3).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees.

Because the transaction involves at least one Class II and one or more Class III rail carriers, the exemption is subject to labor protection requirements of 49 U.S.C. 11326(b).

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34767, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: John A. Vuono, Vuono & Gray, LLC, 2310 Grant Building, Pittsburgh, PA 15219.

Board decisions and notices are available on our website at WWW.STB.DOT.GOV.

Decided: October 25, 2005.

By the Board, David M. Konschnik, Director, Office of Proceedings

Vernon A. Williams

Secretary